

DEPARTMENT OF TAXATION

Department Summary

Mission Statement

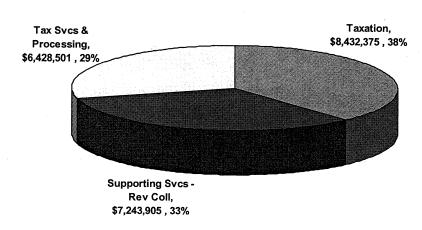
To administer the tax laws of the State of Hawaii in a consistent, uniform and fair manner by educating taxpayers on tax laws, by developing a professional staff and by using technology to increase efficiency and effectiveness.

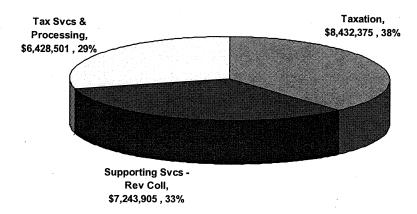
Department Goals

To provide one-stop customer service; to increase collection capabilities through efficient allocation of resources; to simplify taxpayer filings, provide a more user-friendly interface with the public, speed up refunds and expedite delinquent referrals; to automate tax filings, billings and collections; to expand capacity for research and revenue analysis; to permit more flexibility in accommodating tax law changes and initiatives to improve tax administration.

Significant Measures of Effectiveness	FY 2010	FY 2011
1. Average call answer rate	61	61
2. Percent of tax returns audited resulting in adjustments	85	85
3. Average business days to deposit checks received from taxpayers	55	55

FB 2009-2011 Operating Budget by Major Program Area FY 2010 FY 2011





DEPARTMENT OF TAXATION MAJOR FUNCTIONS

- Administers and enforces the tax laws of Hawaii and the collection of taxes and other payments.
- Coordinates a centralized system for receiving and processing of all tax returns, payments and documents.
- Provides one-stop customer service, assistance and information on all taxes administered by the department to customers who walk in, call-in, correspond or e-mail.
- Administers a comprehensive and uniform compliance program based on self-assessment and voluntary compliance.

- Conducts audits and investigations of all types of tax returns.
- Conducts and enforces collection of delinquent taxes by appropriate collection procedures.
- Plans, organizes and coordinates a tax research and tax planning program.
- Provides administrative and research support to the Council on Revenues which prepares revenue estimates for the State on a quarterly basis.

MAJOR PROGRAM AREAS

The Department of Taxation has a program in the following major program area:

Government-Wide Support

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TAX 100	Revenue Collections
TAX 105	Tax Services and Processing
TAX 107	Supporting Services – Revenue Collections

Department of Taxation (Operating Budget)

		Allocation		
		FY 2009	FY 2010	FY 2011
Funding Sources:	Positions	406.50	381.00	381.00
General Funds	\$	24,511,912	21,652,781	21,652,781
		1.00	0.00	0.00
Special Funds	# TOTAL CONTROL OF THE PARTY OF	869,000	452,000	452,000
		407.50	381.00	381.00
Total Requirements		25,380,912	22,104,781	22,104,781

Major Adjustments in the Executive Budget Request: (general funds unless noted)

- 1. Deletes 18.50 vacant permanent positions and \$752,178 in Revenue Collections.
- 2. Deletes \$275,000 for subject matter experts in Revenue Collections.
- 3. Deletes 13.5 vacant temporary positions and \$354,930 in Tax Services and Processing.
- 4. Deletes \$670,270 for seasonal tax hires from Tax Services and Processing.
- 5. Deletes 7.0 vacant permanent and 5.0 vacant temporary positions and \$527,208 from Supporting Services Revenue Collections.
- 6. Deletes \$300,000 for overtime support for the computer system in Supporting Services Revenue Collections.
- 7. Deletes \$417,000 from the ITIMS special fund ceiling and 1.0 vacant permanent special fund Economist VI position from Supporting Services Revenue Collections.

PROGRAM ID:

PROGRAM STRUCTURE NO.

PROGRAM TITLE:

DEPARTMENT OF TAXATION

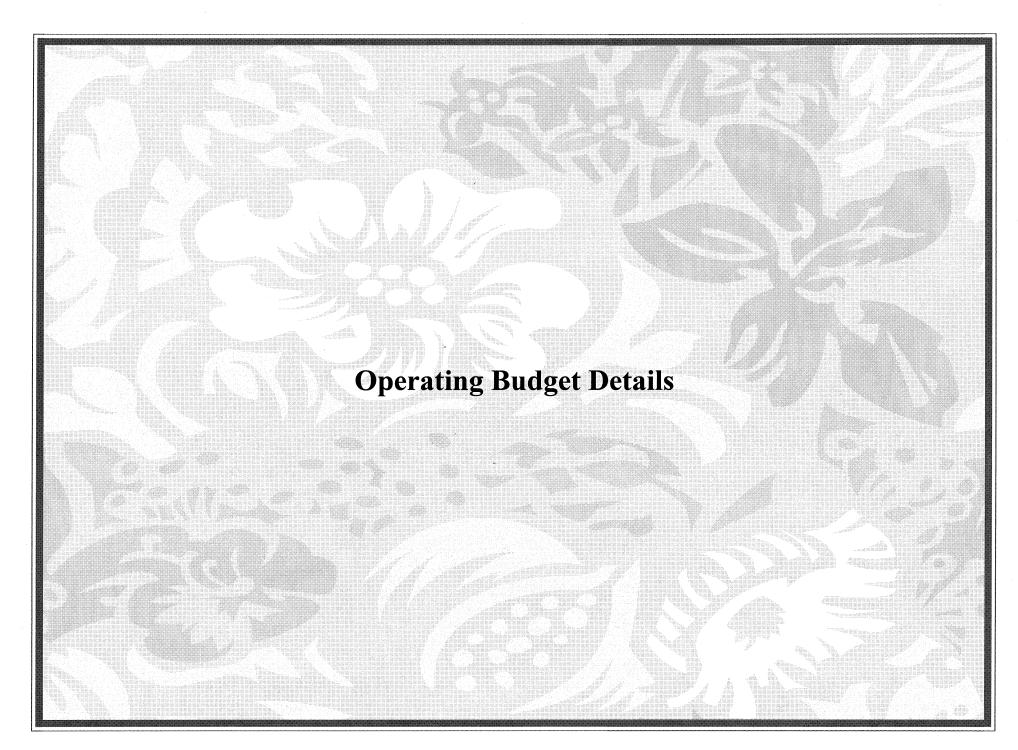
		IN DOLLA	RS	IN THOUSANDS					
PROGRAM EXPENDITURES	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	
OPERATING COST	405.50*	407.50*	381.00*	381.00*	381.0*	381.0*	381.0*	381.0	
PERSONAL SERVICES	17,985,233	21,378,474	18,566,961	18,566,961	18,566	18,566	18,566	18,566	
OTHER CURRENT EXPENSES	6,893,616	4,502,546	3,527,820	3,527,820	3,527	3,527	3,527	3,527	
EQUIPMENT	889,018	45,774	10,000	10,000	10	10	10	10	
TOTAL OPERATING COST	25,767,867	25,926,794	22,104,781	22,104,781	22,103	22,103	22,103	22,103	
BY MEANS OF FINANCING									
	405.50*		381.00*	381.00*	381.0*	381.0*	381.0*	381.0	
GENERAL FUND	25,491,997	25,474,794	21,652,781	21,652,781	21,651	21,651	21,651	21,651	
	*	1.00*	*	*	*	*	*		
SPECIAL FUND	275,870	452,000	452,000	452,000	452	452	452	452	
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TOTAL POSITIONS	405.50*	407.50*	381.00*	381.00*	381.00*	381.00*	381.00*	381.00	
TOTAL PROGRAM COST	25,767,867	25,926,794	22,104,781	22,104,781	22,103	22,103	22,103	22,103	
							=======		

Department of Taxation (Capital Improvements Budget)

	FY 2010	FY 2011
Funding Sources:		
General Obligation Bonds	0	0
Federal Funds	0	0
Total Requirements	0	0

Highlights of the Executive CIP Budget Request: (general obligation bonds unless noted)

1. None.



OPERATING AND CAPITAL EXPENDITURES

PROGRAM ID:

PROGRAM STRUCTURE NO. 11

PROGRAM TITLE:

GOVERNMENT-WIDE SUPPORT

			IN DOLLA	RS	IN THOUSANDS					
PROGRAM EXPENDITURES		FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	
OPERATING COST PERSONAL SERVICES OTHER CURRENT EXPENSES EQUIPMENT		405.50* 17,985,233 6,893,616 889,018	407.50* 21,378,474 4,502,546 45,774	381.00* 18,566,961 3,527,820 10.000	381.00* 18,566,961 3,527,820 10,000	381.0* 18,566 3,527	381.0* 18,566 3,527	381.0* 18,566 3,527	381.0* 18,566 3,527	
TOTAL OPERATING COST		25,767,867	25,926,794 ====================================	22,104,781	22,104,781	22,103	22,103	22,103	22,103	
BY MEANS OF FINANCING					1					
		405.50*	406.50*	381.00*	381.00*	381.0*	381.0*	381.0*	381.0*	
GENERAL FUND		25,491,997 *	25,474,794 1.00*	21,652,781	21,652,781	21,651	21,651	21,651	21,651	
SPECIAL FUND		275,870	452,000	452,000	452,000	452	452	452	452	
TOTAL POSITIONS		405.50*	407.50*	381.00*	381.00*	381.00*	381.00*	381.00*	381.00*	
TOTAL PROGRAM COST	<u></u>	25,767,867	25,926,794	22,104,781	22,104,781	22,103	22,103	22,103	22,103	

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PROGRAM ID: TAX100
PROGRAM STRUCTURE NO. 11020101

PROGRAM TITLE:

COMPLIANCE

		IN DOLLAF		IN THOUSANDS				
PROGRAM EXPENDITURES	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
OPERATING COST PERSONAL SERVICES	195.50* 8,281,092	195.50* 9,492,127	177.00* 8,276,275	177.00* 8,276,275	177.0* 8,276	177.0* 8,276	177.0* 8,276	177.0* 8,276
OTHER CURRENT EXPENSES EQUIPMENT	929,475 132,755	250,272	156,100	156,100	156	156	156	156
TOTAL OPERATING COST	9,343,322	9,742,399	8,432,375	8,432,375	8,432	8,432	8,432	8,432
BY MEANS OF FINANCING				1				
	195.50*	195.50*	177.00*	177.00*	177.0*	177.0*	177.0*	177.0*
GENERAL FUND	9,343,322	9,742,399	8,432,375	8,432,375	8,432	8,432	8,432	8,432
TOTAL POSITIONS	195.50*	195.50*	177.00*	177.00*	177.00*	177.00*	177.00*	177.00*
TOTAL PROGRAM COST	9,343,322	9,742,399	8,432,375	8,432,375	8,432	8,432	8,432	8,432

PERFORMANCE MEASURES AND PROGRAM REVENUES

STATE OF HAWAII

PROGRAM ID: TAX100
PROGRAM STRUCTURE: 11020101
PROGRAM TITLE: COMPLIANCE

	FY							
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
MEASURES OF EFFECTIVENESS 1. % OF RETURNS AUDITED AS % OF RETURNS FILED 2. % OF RETURNS AUDITED RESULTING IN ADJUSTMENTS 3. % INCR/DECR IN TOTAL DELINQUENT TAXES OUTSTANDING	0.4	0.4	0.25	0.25	0.25	0.25	0.25	0.25
	85	85	80	80	80	80	80	80
	10	10	13	1	0	6	6	0
PROGRAM TARGET GROUPS 1. NO. OF ACTIVE BUSINESS LICENSES DURING FISCAL YEAR 2. TOTAL DELINQUENT TAXES OUTSTANDING DURING THE FY.	517119	517119	517119	517119	517119	517119	517119	517119
	360	360	395	400	400	425	450	450
PROGRAM ACTIVITIES 1. NUMBER OF RETURNS AUDITED 2. NUMBER OF ASSESSMENTS MADE 3. TOTAL AMOUNT OF COLLECTION MADE WITH ASSESSMENTS 4. AMOUNT OF DELINQUENT TAXES COLLECTED 5. NUMBER OF TAX LIENS FILED 6. NUMBER OF LEVIES PROCESSED	0.1	0.1	0.85	0.85	0.85	0.85	.85	.85
	6500	6500	4500	4500	4500	4500	4500	4500
	65	65	40	40	40	40	40	40
	188	195	180	180	180	180	180	180
	5000	5000	5500	5500	5500	5500	5500	5500
	3000	3000	3000	3000	3000	3000	3000	3000

A. Statement of Program Objectives

To promote and maintain a tax system based on self-assessment and voluntary compliance by taxpayers through the consistent and fair application of all State tax laws administered by the Department. To reduce the amount of outstanding taxes owed to the State.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

- 1. Distribute SLH 2008 Leg reduction Distribute the SLH 2008 Leg reduction to the Department's three Program Ids.
- 2. Mandatory budget reduction

C. <u>Description of Activities Performed</u>

- Field Audits Field audits involve the examination of taxpayers' accounting records, books, and financial statements to ensure appropriate compliance with State tax laws, proper classification of revenues, and acceptable documentation for expenses claimed. The scope of activities for field examinations encompasses assessing tax-deficiencies, refunding overpayments, and prompt resolution of disputes and appeals.
- Office Examinations Office examinations involve the in-depth review of a wide variety
 of tax returns to ensure accuracy of math computations, proper reporting of revenues,
 and reasonableness for expenses claimed. The scope of activities for office
 examinations is the same as those experienced in field auditing.
- 3. Collections Collection of delinquent taxes involves utilizing the appropriate collection tools to secure payment from delinquent taxpayers; providing appropriate representation in bankruptcy proceedings to ensure that the State's claims against bankrupt delinquent taxpayers are timely filed, appropriately recorded, and properly resolved in the bankruptcy proceedings; and preparing "personal" assessments for unpaid withholding taxes against responsible corporate officers and employees.
- 4. In the neighbor island district offices, the program provides taxpayer assistance and services for a range of functions. Taxpayers are assisted over the counter (walk-ins), and through telephone inquiries and correspondence. The types of services provided include assistance in preparing returns, providing technical information, issuing tax

forms and instructions, acceptance of tax returns and payments, and providing public speakers.

D. Statement of Key Policies Pursued

The key policies of this Division are: uniform and equitable administration and application of all appropriate State tax laws to each tax payers; maximum dissemination of tax information to ensure an effective self-assessment program; increasing voluntary compliance with statutory registration and filing requirements, maintaining auditing and collections programs to ensure compliance with tax laws; and proper staff training to ensure sufficient competence to realize uniformity of applications and equity to taxpayers.

E. Identification of Important Program Relationships

The Department of Taxation and the Internal Revenue Service exchange tax information under an agreement signed by the state and federal governments in 1965. Since the income tax laws of both agencies are similar, income tax audits made by one agency are generally applicable to the other resulting in broader audit coverage and additional revenues from deficiency assessments.

Under the Multi-State Tax Compact, Hawaii exchanges tax information with other member states and utilizes the services of the multi-state tax auditors in the audit of multi-state corporations.

The program has also established relationships with the Federal Bankruptcy Court, Department of the Attorney General, Department of Commerce and Consumer Affairs and Department of Accounting and General Services.

F. <u>Description of Major External Trends Affecting the Program</u>

The statewide population trends, business activities, economic condition, taxpayer filing patterns, and legislative changes are the major external trends that affect this program.

G. Discussion of Cost, Effectiveness, and Program Size Data

To ensure equity and uniformity in the application of tax laws so that each taxpayer bears his fair share of taxes, the Department must have sufficient resources for audit and collection enforcement programs. Additional resources to improve audit and collection activities will increase revenues, reduce delinquent taxes, and encourage voluntary taxpayer compliance.

H. <u>Discussion of Program Revenues</u>

None.

I. Summary of Analysis Performed

None.

J. Further Considerations

None.

REPORT P61-A

PROGRAM ID:

TAX105

PROGRAM STRUCTURE NO. 11020103

PROGRAM TITLE:

TAX SERVICES AND PROCESSING

		IN DOLLAI	RS	IN THOUSANDS					
PROGRAM EXPENDITURES	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	
OPERATING COST	138.00*	138.00*	138.00*	138.00*	138.0*	138.0*	138.0*	138.0*	
PERSONAL SERVICES	5,757,021	7,150,641	6,244,215	6,244,215	6,244	6,244	6.244	6,244	
OTHER CURRENT EXPENSES	2,251,057	606,398	184,286	184,286	184	184	184	184	
EQUIPMENT	357,319	35,774		,					
TOTAL OPERATING COST	8,365,397	7,792,813	6,428,501	6,428,501	6,428	6,428	6,428	6,428	
					Annual				
BY MEANS OF FINANCING									
	138.00*	138.00*	138.00*	138.00*	138.0*	138.0*	138.0*	138.0*	
GENERAL FUND	8,365,397	7,792,813	6,428,501	6,428,501	6,428	6,428	6,428	6,428	
TOTAL POSITIONS	138.00*	138.00*	138.00*	138.00*	138.00*	138.00*	138.00*	138.00*	
TOTAL PROGRAM COST	8,365,397	7,792,813	6,428,501	6,428,501	6,428	6,428	6,428	6,428	

PERFORMANCE MEASURES AND PROGRAM REVENUES

STATE OF HAWAII

PROGRAM ID: TAX105
PROGRAM STRUCTURE: 11020103
PROGRAM TITLE: TAX 105
11020103
TAX SERVICES AND PROCESSING

	FY							
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
MEASURES OF EFFECTIVENESS 1. AVE BUSINESS DAYS TO DEPOSIT CHECKS FROM TAXPAYERS 2. % NON-WORKLISTED REFUNDS COMPLETED IN 45 BUS DAYS 3. AVERAGE CALL ANSWER RATE 4. AVE CAL DAYS TO RESPOND TO PAPR/ELEC CORRESPNDNCE 5. % INC/DEC ELECTRONIC FILINGS OVER PRIOR FISCAL YR	55	55	29	29	29	29	29	29
	83	83	30	30	30	30	30	30
	61	61	55	55	55	55	55	55
	18	18	25	25	25	25	25	25
	7	9	20	20	20	20	20	20
PROGRAM TARGET GROUPS 1. NUMBER OF TAXPAYERS FILING SELECTED KEY RETURNS 2. NUMBER OF CALLERS REQUESTING PERSONAL ASSISTANCE 3. NO. OF PAPER & ELECTRONIC CORRESPONDENCE RECEIVED	1145000	1157000	1215000	1215000	1215000	1215000	1215000	1215000
	340000	345000	300000	300000	300000	300000	300000	300000
	85000	90000	70000	70000	70000	70000	70000	70000
PROGRAM ACTIVITIES 1. NUMBER OF TAX RETURNS FILED 2. NO. TELEPHONE CALLS SERVICED BY CUSTOMER SVC REP 3. NO. OF PAPER & ELECTRONIC CORRESPONDENCE RECEIVED	672000	678000	770000	770000	770000	770000	770000	770000
	218000	220000	165000	165000	165000	165000	165000	165000
	82000	84000	70000	70000	70000	70000	70000	70000

A. Statement of Program Objectives

To process all tax documents received in the most efficient and expeditious manner possible; maintain accurate accounting records for all tax programs; and promote voluntary taxpayer compliance through timely delivery of information, forms, and responses to questions and inquiries.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

- 1. Distribute SLH 2008 Leg reduction Distribute the SLH 2008 Leg reduction to the Department's three Program Ids.
- 2. Mandatory budget reduction

Description of Activities Performed

- 1. Customer Service -- providing centralized customer service, assistance, and information on all taxes administered by the Department -- these functions include responding to general questions relating to net income, business, and miscellaneous taxes and procedures; analyzing taxpayers' accounts, performing research, providing interpretations of tax laws, and developing appropriate correspondences; providing assistance to taxpayers in filing their general excise/use, withholding, transient accommodations, and rental motor vehicle and tour vehicle surcharge tax returns; initiating online changes and corrections to accounting period data and accounts; responding to billing and tax return adjustment inquiries; processing and issuing tax clearances; and receiving and processing requests for tax forms.
- 2. Licensing these functions include assisting taxpayers who are applying for new or renewal of tax licenses, permits, and identification numbers on a statewide basis as they relate to the general excise, withholding, transient accommodations, rental motor vehicle and tour vehicle surcharge, tobacco, liquor, or fuel taxes; processing miscellaneous tax registration and renewals on a statewide basis; approving and monitoring applications to purchase cigarette tax stamps; and processing cancellations of licenses and demographic updates for taxpayers on a statewide basis.
- Account Management this function includes performing computer-based correction
 activities to the demographic and financial information on taxpayers' accounts in order to
 process, post, or update net income, general excise, use, withholding, transient

- accommodation, rental motor vehicle and tour vehicle surcharge tax returns or payments; and preparing letters to taxpayers as it relates to correction adjustments.
- Receiving and Preparing Documents for Cashiering these functions include opening, sorting, and distributing incoming mail; preparing and delivering outgoing mail; batching documents by tax type; and editing the documents.
- Processing Documents these functions include the cashiering and depositing of all
 monies received; processing of returns and payments received from paper and electronic
 channels; entering of data into a machine print media; and maintenance and control of
 documents in the central filing system.
- Revenue Accounting these functions include the control and accounting for all tax revenues collected, adjusted, and refunded; maintenance of revenue control and subsidiary ledgers; maintenance of the accounting system for protested payments and tax appeals; and statewide processing and accounting activities of all miscellaneous taxes (except estate and transfer tax).
- 7. Preparing Statements and Reports of Tax Operations this function includes gathering, compiling, analyzing, and preparing tax operation statements and reports.
- 8. Providing Support Services these functions include duplicating services of tax documents and providing internal mail service and messenger service to other State agencies for the Department.

D. Statement of Key Policies Pursued

The key policies pursued by this Division are: rapid deposit of monies, efficient processing of tax returns, accurate and uniform accounting practices statewide, expedient processing of business license application and error-corrections of tax returns and other filings on-line, prompt and courteous service to the public, and fair and equitable treatment of all taxpayers.

E. Identification of Important Program Relationships

The Division has important relationships with the legislature, financial institutions, government (federal, state, county) agencies, branches within the Department, tax practitioners and preparers, and taxpayers.

TAX 105: TAX SERVICES AND PROCESSING

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F. <u>Description of Major External Trends Affecting the Program</u>

The statewide population trends, business activities, economic conditions, taxpayer filing patterns, Internal Revenue Service, and legislative changes are major external trends that affect this program.

G. <u>Discussion of Cost</u>, <u>Effectiveness and Program Size Data</u>

In carrying out its functions, the program relies heavily on the expertise of its staff, broadly applied cutting-edge technology, and effective partnerships.

H. <u>Discussion of Program Revenues</u>

None.

I. Summary of Analysis Performed

None.

J. Further Considerations

None.

OPERATING AND CAPITAL EXPENDITURES

PROGRAM ID:

TAX107

PROGRAM STRUCTURE NO. 11020104

PROGRAM TITLE:

SUPPORTING SERVICES - REVENUE COLLECTION

		IN DOLLAI	?S		IN THOUSANDS					
PROGRAM EXPENDITURES	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15		
OPERATING COST	72.00*	74.00*	66.00*	66.00*	66.0*	66.0*	66.0*	66.0*		
PERSONAL SERVICES	3,947,120	4,735,706	4,046,471	4,046,471	4,046	4,046	4,046	4,046		
OTHER CURRENT EXPENSES	3,713,084	3,645,876	3,187,434	3,187,434	3,187	3,187	3,187	3,187		
EQUIPMENT	398,944	10,000	10,000	10,000	10	10	10	10		
TOTAL OPERATING COST	8,059,148	8,391,582	7,243,905	7,243,905	7,243	7,243	7,243	7,243		
BY MEANS OF FINANCING				. 1						
	72.00*	73.00*	66.00*	66.00*	66.0*	66.0*	66.0*	66.0*		
GENERAL FUND	7,783,278	7,939,582	6,791,905	6,791,905	6,791	6,791	6,791	6,791		
	*	1.00*	*	*!	*	*	*	*		
SPECIAL FUND	275,870	452,000	452,000	452,000	452	452	452	452		
TOTAL POSITIONS	72.00*	74.00*	66.00*	66.00*	66.00*	66.00*	66.00*	66.00*		
TOTAL PROGRAM COST	8,059,148	8,391,582	7,243,905	7,243,905	7,243	7,243	7,243	7,243		

PERFORMANCE MEASURES AND PROGRAM REVENUES

STATE OF HAWAII

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:
PROGRAM TITLE:
PROGRAM TITLE:
TAX107
11020104
SUPPORTING SERVICES - REVENUE COLLECTIONS

	FY							
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
MEASURES OF EFFECTIVENESS 1. PERCENT ERROR IN FORECASTING GENERAL FUND REVENUES	3	3	3	3	3	3	3	3
PROGRAM ACTIVITIES 1. NUMBER OF TAX LAW CHANGES	60	60	20	20	20	20	20	20
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) TAXES LICENSES, PERMITS, AND FEES REVENUE FROM OTHER AGENCIES: FEDERAL CHARGES FOR CURRENT SERVICES TOTAL PROGRAM REVENUES	4,539,220	4,577,105	4,765,473	4,954,724	5,172,527	5,460,786	5,788,236	6,037,842
	487	494	504	506	509	510	511	512
	17	17	17	17	17	17	17	17
	175	200	200	200	200	200	200	200
	4,539,899	4,577,816	4,766,194	4,955,447	5,173,253	5,461,513	5,788,964	6,038,571
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS) GENERAL FUNDS SPECIAL FUNDS TOTAL PROGRAM REVENUES	4,539,534	4,577,405	4,765,762	4,955,002	5,172,801	5,461,061	5,788,512	6,038,119
	365	411	432	445	452	452	452	452
	4,539,899	4,577,816	4,766,194	4,955,447	5,173,253	5,461,513	5,788,964	6,038,571

A. Statement of Program Objectives

To enhance the Department's effectiveness and efficiency in implementing tax programs for formulating policies, allocating resources and providing direction to operations; and to improve the State's policy and decision-making process by providing timely and accurate tax data and interpretive information.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

- 1. Distribute SLH 2008 Leg reduction Distribute the SLH 2008 Leg reduction to the Department's three Program Ids.
- 2. Mandatory budget reduction

C. <u>Description of Activities Performed</u>

Director's Office – Provides administrative direction in implementing the Department's tax programs so as to achieve efficiency and effectiveness. Coordinates Department activities with other government agencies and private enterprises in areas of mutual interest and responsibility.

Administrative Services Office – Provides administrative and personnel management support and services to the Department's operating units. Facilitates resource allocation decisions through timely filling of vacancies and proper budgeting of expenditures. Prepares biennium and supplemental budgets based on the goals and objectives set by the Director of Taxation.

Information Technology Services Office – Provides technical support and formulates associated policies and procedures for the Department regarding effective information technology solutions. Provides maintenance support for current computer systems and assistance in planning for the Department's information technology requirements.

Rules Office – Develops tax interpretations, including rules and regulations, technical memoranda, tax information releases, tax precedents, and basic principles for uniform application of the State tax laws for statewide use. Prepares appropriate tax legislative proposals and written testimonies on all tax measures before the legislature. Develops and coordinates training programs in matters relating to the income and miscellaneous tax laws.

Tax Research and Planning Office – (1) <u>Tax Planning</u>. Develops pertinent and timely tax data to assist in the on-going review of the State tax structure. Reviews the revenue and

economic impact of all proposed revisions to the tax system. Reviews and incorporates in the pertinent tax plans, all legislative proposals and enactments to meet administrative goals and financial requirements. (2) Revenue Projections. Evaluates and revises the tax revenue forecasts for the state and county general and special funds. Develops and updates various forecasting models and databases for tax revenues and personal income. (3) Council on Revenues. Provides general fund estimates for a seven-year period and projects the total state personal income for the calendar year in progress. Reviews general fund estimates quarterly and total state personal income semiannually.

D. Statement of Key Policies Pursued

To maximize the State's income within the limits of established revenue policies and tax laws by administering an equitable system of tax assessment and efficient revenue collection.

E. Identification of Important Program Relationships

The Department continues to maintain an important relationship with the legislature, Internal Revenue Service, and tax practitioners.

F. Description of Major External Trends Affecting the Program

The statewide population trends, business activities, economic condition, taxpayer filing patterns, and legislative changes are the major external trends that affect this Department.

G. Discussion of Cost, Effectiveness and Program Size Data

None

H. Discussion of Program Revenues

None

I. Summary of Analysis Performed

None.

J. <u>Further Considerations</u>

None.